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GAIN Report #AS2026

Australia

Fresh Deciduous Fruit

Semi-Annual

2002

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Report Highlights:
The CY 2002 apple crop is forecast by post to increase nearly four percent to 295,000 MT. Post forecasts apple exports to fall 23 percent in CY 2002 to 26,000 MT. For the period January to June 2002, exports fell by 30 percent compared to the same period in the previous year. Post forecasts pear production for CY 2002 to rise slightly to 165,000 MT. Post forecasts pear exports in CY 2002 to remain relatively unchanged at 16,700 MT. This forecast is in line with official ABS figures for January to June 2002, showing a one percent decrease on the same period for the previous year.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Semi-Annual Report
Canberra [AS1], AS

Executive Summary

The CY 2002 apple crop is forecast by post to increase nearly four percent to 295,000 MT. Despite a lack of extreme weather events such as hail or frost, drought conditions across much of the Australian continent has significantly affected apple production. In areas that rely on irrigation, producers have experience greatly reduced water availability. These conditions are expected to also reduce production in CY 2003.

Post forecasts apple exports to fall 23 percent in CY 2002 to 26,000 MT. For the period January to June 2002, exports fell by 30 percent compared to the same period in the previous year. For this period, exports to all major markets fell significantly. Industry sources believe that reduced availability of apples and reduced quality led to a decrease in export competitiveness. Conversely, industry sources believe that other southern hemisphere countries that compete with Australian exports experienced increased fruit availability and also higher quality.

Post forecasts pear production for CY 2002 to rise slightly to 165,000 MT. Widespread drought conditions will constrain production to the previous years low levels. Industry sources believe that quality will improve significantly on the previous year.

Post forecasts pear exports in CY 2002 to remain relatively unchanged at 16,700 MT. This forecast is in line with official ABS figures for January to June 2002, showing a one percent decrease on the same period for the previous year. Post expects that a slightly larger crop and improved quality will be balance by increased competition from exporters in other southern hemisphere countries.

Fresh Apples

Production

PSD Table						
Country	Australia					
Commodity	Fresh Apples				(HA)(1000 TREES)(MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		01/2000		01/2001		01/2002
Area Planted	19760	19760	19700	19700	19700	19700
Area Harvested	0	0	0	0	0	0
Bearing Trees	6300	6300	6100	6100	6100	6100
Non-Bearing Trees	2310	2310	2300	2300	2300	2300
Total Trees	8610	8610	8400	8400	8400	8400
Commercial Production	319651	319606	290000	285000	275000	295000
Non-Comm. Production	0	0	0	0	0	0
TOTAL Production	319651	319606	290000	285000	275000	295000
TOTAL Imports	0	0	0	0	0	0
TOTAL SUPPLY	319651	319606	290000	285000	275000	295000
Domestic Fresh Consump	160000	160000	130000	130000	128000	128000
Exports, Fresh Only	36279	36279	37000	33857	32000	26000
For Processing	123372	123327	123000	121143	115000	141000
Withdrawal From Market	0	0	0	0	0	0
TOTAL UTILIZATION	319651	319606	290000	285000	275000	295000

General

Apple production for CY 2001 is estimated by industry sources at 285,000 MT, 11 percent below the previous year. Post considers this to be an accurate figure. This level of production, described by industry sources as below average, was attributed to drier than average conditions and hail in some areas.

The CY 2002 crop is forecast by post to increase nearly four percent to 295,000 MT. Despite a lack of extreme weather events such as hail or frost, drought conditions across much of the Australian continent has significantly affected apple production. In areas that rely on irrigation, producers have experience greatly reduced water availability. These conditions are expected to also reduce production in CY 2003.

Anecdotal evidence suggests that many of the older variety apple trees have been removed to make way for newer varieties which have not yet begun to bear large amounts of fruit. Industry sources suggest Australian apple production will rebound significantly with return to normal weather conditions, although post advises that this is not likely until after

CY 2003.

According to official ABS figures, exports for CY 2001 decreased by seven percent to 33,857 MT, despite an 11 percent fall in production and mixed quality fruit. Industry sources suggest strong export demand together with a weaker value for the Australian dollar, maintained exports at relatively high levels.

Post forecasts exports to fall 23 percent in CY 2002 to 26,000 MT. For the period January to June 2002, exports fell by 30 percent compared to the same period in the previous year. For this period, exports to all major markets fell significantly. Industry sources believe reduced availability and lower quality have driven a decrease in export competitiveness. Conversely, industry sources believe that other southern hemisphere countries have experienced increased availability and improved quality.

Policy

The apple and pear industry has traditionally been represented by an industry body known as the "Australian Apple and Pear Growers Association of Australia" (AAPGA). This organization represented the interests of around 1,500 apple and pear growers. First created in 1945, it was funded by a levy on apples and pears.

In August 2002, the AAPGA became "Apple and Pear Australia Limited", a grower owned company. This essentially took the grower organization from being an "association", to a company under the Corporations Act. In its new form it has a board of directors which represent shareholders. Levy payers are Class A shareholder, and state producer groups are Class B members.

The objectives of the new organization are largely unchanged from the old AAPGA. Among the objectives are: engaging in activities which improve the profitability, efficiency and reliability of production of high quality fruit; acting in the interest of apple and pear growers in regards to existing or proposed legislation; and formulating appropriate policies in regard to export strategies and policies.

In CY 2001, the Australian government released a study of the Australian apple industry. The report, titled "The Australian Apple Industry Squeeze", specifically focused on: current practice versus best practice; economic impacts of apple juice imports; and options to improve industry competitiveness.

Of particular interest to industry sources was the issue of concentrate apple juice imports, which are claimed to be imported well below the cost of production in Australia. The study found that "growers and processors of Australian apples loose from the importation of low cost concentrated apple juice". The Minister for Agriculture (the Hon. Warren Truss) has publicly raised the possibility of whether concentrated apple juice is being "dumped" in Australia, however no official action has been taken.

More recently, prices received for apples suitable for juice production have improved significantly. Post believes this has reduced pressure placed on the Australian government to act on the dumping issue.

For a copy of the apple industry report see:
http://www.affa.gov.au/docs/industrydevelop/horticulture/applestudy/index.html

Prices

The table below includes prices for major apple varieties on the Melbourne wholesale market in July 2002, as reported by "Apple and Pear World News", AAPGA.

Variety	Size (apples per box)	Price (per box)
Gala	60-75	A$25-30
Golden Delicious	60-75	A$20-25
Red Delicious	60-75	A$22-25
Granny Smith	83-90	A$15-18
Fuji	60-75	A$22-30
Pink Lady	60-75	A$25-35

Trade

Export Trade Matrix			
Country	Australia		
Commodity	Fresh Apples		
Time period	Jan-July	Units:	MT
Exports for:	2001		2002
U.S.	33	U.S.	98
Others		Others	
Malaysia	7179	India	4650
India	5495	Malaysia	4234
Singapore	2814	Sri Lanka	2656
Sri Lanka	2689	Singapore	2347
Bangladesh	2355	Bangladesh	1381
United Kingdom	2082	United Kingdom	1154
Hong Kong	1511	Taiwan	1081
Taiwan	985	Indonesia	566
Japan	945	Hong Kong	526
Indonesia	720	PNG	299
Total for Others	26775		18894
Others not Listed	2512		1424

Grand Total	29320		20416

Fresh Pears

Production

PSD Table						
Country	Australia					
Commodity	Fresh Pears				(HA)(1000 TREES)(MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		01/2000		01/2001		01/2002
Area Planted	0	0	0	0	0	0
Area Harvested	0	0	0	0	0	0
Bearing Trees	1950	1950	1950	1950	1950	1950
Non-Bearing Trees	550	550	550	550	550	550
Total Trees	2500	2500	2500	2500	2500	2500
Commercial Production	159500	156000	175000	160000	165000	165000
Non-Comm. Production	0	0	0	0	0	0
TOTAL Production	159500	156000	175000	160000	165000	165000
TOTAL Imports	1116	1116	500	1027	1000	1000
TOTAL SUPPLY	160616	157116	175500	161027	166000	166000
Domestic Fresh Consump	73000	73000	74728	74728	84000	84000
Exports, Fresh Only	20562	20562	17272	16877	22000	16700
For Processing	67054	63554	83500	69422	60000	65300
Withdrawal From Market	0	0	0	0	0	0
TOTAL UTILIZATION	160616	157116	175500	161027	166000	166000

General

Post estimates pear production for CY 2001 to have increased slightly to 160,000 MT from the revised figure for the previous year. The CY 2001 crop was a below average year for pear production. Many pear producing areas suffered lower than average rainfall together with higher winds, which constrained production and lowered fruit quality.

Post forecasts pear production for CY 2002 to rise slightly to 165,000 MT. Widespread drought conditions will constrain production to the previous years low levels. However, industry sources believe that quality will improve significantly on the previous year.

Post forecasts pear exports in CY 2002 to remain relatively unchanged at 16,700 MT. This forecast is in line with official ABS figures for January to June 2002, showing a one percent decrease on the same period for the previous year. Post expects that a slightly larger crop and improved quality will be balanced by increased competition from exporters in other southern hemisphere countries.

Prices

The table below includes prices for pear varieties on the Melbourne wholesale market in July 2002, as reported by "Apple and Pear World News", AAPGA.

Variety	Size (Pears per box)	Price (per box)
Packham	70-90	A$20-25
Beurre Bosc	80-90	A$20

Trade

Import Trade Matrix			
Country	Australia		
Commodity	Fresh Pears		
Time period	Jan-July	Units:	MT
Imports for:	2001		2002
U.S.	0	U.S.	32
Others		Others	
China	147	China	109
Total for Others	147		109
Others not Listed	0		26
Grand Total	147		167

Export Trade Matrix			
Country	Australia		
Commodity	Fresh Pears		
Time period	Jan-July	Units:	MT
Exports for:	2001		2002
U.S.	0	U.S.	0
Others		Others	
Malaysia	4365	Singapore	3182
Singapore	3276	Malaysia	2818
Indonesia	1654	Indonesia	2006
Hong Kong	1361	Canada	1811
Canada	646	Hong Kong	632
New Zealand	384	New Zealand	554
Netherlands	356	Belgium	422
India	225	India	294
Switzerland	145	Italy	232
Fiji	139	Netherlands	170
Total for Others	12551		12121
Others not Listed	776		1042
Grand Total	13327		13163